ORVANA

MINERALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2015

This management's discussion and analysis ("MD&A") of results of operations and financial condition of Orvana Minerals Corp. and its consolidated subsidiaries ("Orvana" or the "Company") describes the operating and financial results of Orvana for the three and six months ended March 31, 2015.

This MD&A should be read in conjunction with the condensed interim consolidated financial statements of Orvana for the three and six months ended March 31, 2015 and related notes thereto (the "Q2 Financials"). The Q2 Financials are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company uses certain non-IFRS financial performance measures in this MD&A. For a detailed reconciliation of each of the non-IFRS measures used in this MD&A, please see the discussion under "Other - Non-IFRS Measures" below.

In this MD&A, all currency amounts (except per unit amounts) unless otherwise stated, are in United States dollars ("US dollars"). Production and sales in respect of gold and silver are in fine troy ounces referred to as "ounces" or "oz" and in respect of copper are in pounds also referred to as "lbs". References to "revenue" are to "net revenue" as defined in the notes to the table under "Overall Performance" below. The information presented in this MD&A is as of May 5, 2015, unless otherwise stated.

A cautionary note regarding forward-looking statements follows this MD&A.

Orvana

Orvana is a multi-mine gold and copper producer with organic growth opportunities. Orvana's properties consist of (i) El Valle-Boinás Mine (the "Boinás Mine") and Carlés Mine (collectively with the Boinás Mine "EVBC" or the "EVBC Mines"), two underground gold-copper-silver mines located in the northern part of Spain; and (ii) the Upper Mineralized Zone at the Don Mario Mine (the "Don Mario Mine"), an open-pit gold-copper-silver mine located in the south-eastern part of Bolivia. During the second quarter of fiscal 2015, the Company placed the Carlés Mine under care and maintenance. Orvana's focus is currently on optimizing its operations and growth through exploration. The Company is also evaluating opportunities to add value through external growth by way of a potential asset or corporate transaction. Orvana is an Ontario company and its common shares ("Common Shares") are listed on the Toronto Stock Exchange under the symbol TSX:ORV.

Q2 2015 Operating and Financial Highlights

- Cash balance of $21.5 million and debt of $3.9 million associated with the Don Mario Mine at March 31, 2015.
- Production of 19,403 ounces of gold, 6.0 million pounds (2,728 tonnes) of copper and 131,535 ounces of silver (or 34,436 gold equivalent ounces), a decrease in gold and silver production of 1% and 53%, respectively, and an increase in copper production of 19% compared with the second quarter of fiscal 2014. [1][2]
- Sales of 18,636 ounces of gold, 6.1 million pounds (2,763 tonnes) of copper and 111,563 ounces of silver, an increase in gold and copper sales of 13% and 72%, respectively, and a decrease in silver sales of 33% compared with the the second quarter of fiscal 2014.
- Carlés Mine was placed on care and maintenance in February to optimize production at the Boinás Mine and focus on producing only profitable ounces.

- Net revenue of $30.1 million in the second quarter of fiscal 2015, or 3% higher, compared with $29.1 million in the second quarter of fiscal 2014 and mining costs of $23.9 million, or 1% lower, compared with $24.2 million in the second quarter of fiscal 2014.
- Net loss and adjusted net loss of $4.1 million in the second quarter of fiscal 2015 compared with net loss of $7.0 million and adjusted net loss of $3.3 million in the second quarter of fiscal 2014. (3)
- Cash flows provided by operating activities from continuing operations of $4.5 million in the second quarter of fiscal 2015 compared with $3.9 million in the second quarter of fiscal 2014 and cash flows provided by operating activities before changes in non-cash working capital of $2.7 million in the second quarter of fiscal 2015 compared with $3.6 million in the second quarter of fiscal 2014. (3)
- Capital expenditures of $3.6 million in the second quarter of fiscal 2015 compared with $4.5 million in the second quarter of fiscal 2014.
- Cash operating costs ("COC") and all-in sustaining costs ("AISC") on a by-product basis (net of copper and silver by-product revenue from EVBC and Don Mario Mine) per ounce of gold sold in the second quarter of fiscal 2015 of $871 and $1,230 respectively, compared with COC and AISC (by-product) of $1,009 and $1,386, respectively, in the second quarter of fiscal 2014. In the first half of fiscal 2015, COC and AISC on a by-product basis per ounce of gold sold was $777 and $1,080, respectively, compared with $817 and $1,149, respectively, in the first half of fiscal 2014. (3)
- Appointment of Daniella Dimitrov as President and Chief Executive Officer as well as a director of the Company in March 2015 following the retirement of Michael Winship, and appointment of Jeffrey A. Hillis as Chief Financial Officer to replace Ms. Dimitrov in April 2015. Departure of Neil Ringdahl, Chief Operating Officer, effective April 2015 to pursue other opportunities.

(1) For a description of the EVBC Mines and Don Mario Mine, please see "Overall Performance - EVBC Mines" and "Overall Performance - Don Mario Mine".

(2) Gold equivalent ounces include copper pounds and silver ounces produced and converted to a gold equivalent based on a ratio of the average market price for the commodities for each period.

(3) Adjusted net loss, cash flows provided by operating activities before changes in non-cash working capital, COC, AISC and all-in-costs ("AIC") are non-IFRS performance measures. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use this information to evaluate the Company's performance including the Company's ability to generate cash flows from its mining operations. Accordingly, it is intended to provide additional information and should not be considered in isolation or as substitutes for measures of performance prepared in accordance with IFRS. For further information and a detailed reconciliation, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

Outlook

Orvana continues to focus on improving operating performance, strengthening its asset base and exploring growth opportunities to deliver shareholder value.

The Company is pursuing a number of initiatives for the remainder of fiscal 2015 in order to meet its objectives of lowering unitary cash costs, maximizing free cash flow, extending the life-of-mine of its operations and growing its operations.

At EVBC, the focus is on (i) increasing productivity and optimizing the head grade mined to produce profitable ounces; (ii) increasing reserves and resource estimates by upgrading inferred resources to measured and indicated categories and expanding known resources; and (iii) identifying potential of new resources at EVBC and surrounding areas. At Don Mario Mine, the Company is focused on (i) exploration activities on mineralized zones surrounding the current open pit; (ii) determining the viability of a pushback to access previously unmined lower mineralized zone material to extend the mine life; and (iii) further metallurgical testing of stockpiled oxide material to determine an economically viable option for future treatment.

Orvana's long-term focus is to utilize increasing free cash flows and mining capabilities to build long-term value for its shareholders. The Company is pursuing organic growth opportunities at areas surrounding both EVBC and Don Mario Mine given the known geological potential. In addition, Orvana is conducting a comprehensive strategic review of the Company and its assets, and is considering a number of possible outcomes for Orvana and its shareholders that may include asset or corporate transactions.

The following table sets out Orvana's production, capital expenditures and consolidated COC and AISC (by-product) per ounce of gold sold for the first half of fiscal 2015 as well as its updated fiscal 2015 guidance:

	YTD 2015 Actual	FY 2015 Updated Guidance
EVBC Mines Production		
Gold (oz)	**29,512**	63,000 - 66,000
Copper (million lbs)	**3.4**	6.5 - 7.0
Silver (oz)	**88,876**	150,000 - 180,000
Don Mario Mine Production		
Gold (oz)	**12,086**	19,000 - 22,000
Copper (million lbs)	**9.7**	16.5 – 18.0
Silver (oz)	**177,964**	400,000 - 500,000
Total Production		
Gold (oz)	**41,598**	82,000 - 88,000
Copper (million lbs)	**13.0**	23.0 - 25.0
Silver (oz)	**266,841**	550,000 - 680,000
Total capital expenditures	**$6,057**	$13,000 - $15,000
Cash operating costs (by-product) ($/oz) gold	**$777**	$700 - $770
All-in sustaining costs (by-product) ($/oz) gold	**$1,080**	$1,000 - $1,100

Orvana updated its fiscal 2015 gold production guidance for both gold and copper on April 12, 2015 as follows: (i) narrowed gold production guidance from 82,000 to 94,000 ounces to 82,000 to 88,000 ounces, as a result of operating performance results achieved in the first half of fiscal 2015 and estimated production for the second half of fiscal 2015; (ii) increased copper production guidance from 20.0 to 23.0 million pounds to 23.0 and 25.0 million pounds, primarily as a result of higher copper recoveries at Don Mario Mine year to date and estimated production for the second half of fiscal 2015; and (iii) silver production guidance remaining at 550,000 to 680,000 ounces.

The Company lowered its capital expenditures guidance for fiscal 2015 to between $13.0 to $15.0 million from $17.0 to $20.0 million as a result of actual production results for the first half of fiscal 2015, current metals prices and the more favourable Euro to US Dollar exchange rate. Should the metal prices continue to remain weak or decline further, certain planned capital expenditures could be deferred or reduced further.

For fiscal 2015, the Company has provided consolidated COC (by-product) guidance of approximately $700 to $770 per ounce of gold sold and consolidated AISC (by-product) guidance of approximately $1,000 to $1,100 per ounce of gold sold. Cost guidance is based on various internal assumptions and estimates, including, but not limited to: (i) production volumes issued as guidance, (ii) by-product commodity prices of $2.75 per pound of copper and $17.00 per ounce of silver (by-product revenue accounts for approximately 42% of total revenue), (iii) Euro to US Dollar exchange rate of 1.15, and (iv) operating costs associated with the production guidance. As a result of variations in production throughout the year from both operations, and the additional variability of by-product production of copper and silver, quarterly variations in COC and AISC are anticipated.

Based on the above-noted guidance and assumptions and current metal prices, the Company generated free cash flow in the first half of fiscal 2015 and expects to generate free cash flows for the remainder of fiscal 2015.

OVERALL PERFORMANCE

The key factors affecting Orvana's operating and financial performance are tonnages mined and treated, metal grade and recoveries, quantities of metals produced and sold, realized metals prices, costs including labour, energy and other supplies and material, mine development and other capital expenditures, foreign exchange rates and tax rates.

The following table includes consolidated operating and financial performance data for the Company for the periods set out below:

	Q1 2015	Q2 2015	Q2 2014	YTD 2015	YTD 2014
Operating Performance					
Gold					
Grade (g/t)	2.52	**2.32**	2.10	**2.42**	2.05
Recovery (%)	75.6	**76.4**	75.0	**75.9**	75.3
Production (oz)	22,195	**19,403**	19,535	**41,598**	38,390
Sales (oz)	21,660	**18,636**	16,509	**40,296**	36,122
Average realized price / oz	$1,202	**$1,226**	$1,283	**$1,213**	$1,286
Copper					
Grade (%)	1.13	**1.06**	0.98	**1.10**	0.95
Recovery (%)	77.5	**75.5**	60.6	**76.5**	60.4
Production ('000 lbs)	6,990	**6,014**	5,048	**13,004**	9,767
Sales ('000 lbs)	6,933	**6,091**	3,546	**13,024**	7,944
Average realized price / lb	$3.01	**$2.62**	$3.14	**$2.83**	$3.19
Silver					
Grade (%)	17.33	**19.32**	37.20	**18.29**	34.56
Recovery (%)	67.0	**62.2**	60.2	**64.5**	61.8
Production (oz)	135,305	**131,535**	277,656	**266,840**	530,486
Sales (oz)	147,139	**111,563**	166,866	**258,702**	384,882
Average realized price / oz	$16.48	**$16.75**	$20.37	**$16.61**	$20.55
Financial Performance *(in 000's, except per share amounts)*					
Revenue	$38,770	**$30,108**	$29,125	**$68,878**	$64,345
Mining costs	$27,970	**$23,944**	$24,151	**$51,914**	$47,927
Gross margin	$2,448	**$78**	($2,173)	**$2,526**	$2,335
Derivative instruments (loss) gain	$-	**$-**	($2,343)	**$-**	$6,141
Net income (loss)	$738	**($4,130)**	($6,953)	**($3,392)**	($945)
Net income (loss) per share (basic/diluted)	$0.01	**($0.03)**	($0.05)	**($0.02)**	($0.01)
Adjusted net income (loss) (1)	$738	**($4,130)**	($3,340)	**($3,392)**	($2,113)
Adjusted net income (loss) per share (basic/diluted) (1)	$0.01	**($0.03)**	($0.02)	**($0.02)**	($0.02)
Operating cash flows before non-cash working capital changes (1)	$7,455	**$2,662**	$3,587	**$10,117**	$12,105
Operating cash flows	$14,958	**$4,528**	$3,886	**$19,486**	$7,771
Ending cash and cash equivalents	$20,376	**$21,512**	$5,914	**$21,512**	$5,914
Restricted cash (including long-term)	$5,496	**$5,936**	$17,905	**$5,936**	$17,905
Capital expenditures (2)	$2,461	**$3,596**	$4,757	**$6,057**	$7,877
Cash operating costs (by-product) ($/oz) gold (1)	$696	**$871**	$1,009	**$777**	$817
All-in sustaining costs (by-product) ($/oz) gold (1)	$950	**$1,230**	$1,386	**$1,080**	$1,149

(1) Adjusted net income (loss), adjusted net income (loss) per share, operating cash flows before non-cash working capital changes, COC and AISC are non-IFRS performance measures. For further information and a detailed reconciliation, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

(2) These amounts are presented in the consolidated cash flows in the Q2 Financials on a cash basis. Each reported period excludes capital expenditures incurred in the period which will be paid in subsequent periods and includes capital expenditures incurred in prior periods and paid for in the applicable reporting period. See "Cash Flows, Commitments and Liquidity - Capital Expenditures". The calculation of AISC and AIC includes capex incurred (paid and unpaid) during the period.

Three Months Ended March 31, 2015 Compared with Three Months Ended March 31, 2014

The Company recorded a net loss for the second quarter of fiscal 2015 of $4.1 million or $0.03 per share, compared with $7.0 million or $0.05 per share for the second quarter of fiscal 2014. The Company's net loss for the second quarter of fiscal 2015 was affected by the following factors:

- Revenue for the second quarter of fiscal 2015 increased by $1.0 million or 3% to $30.1 million on sales of 18,636 ounces of gold, 6.1 million pounds of copper and 111,563 ounces of silver from the EVBC and Don Mario Mines compared with revenue of $29.1 million on sales of 16,509 ounces of gold, 3.5 million pounds of copper and 166,866 ounces of silver in the second quarter of fiscal 2014. The increase in revenue resulted mainly from an increase in sales volumes of gold and copper by 13% and 72%, respectively, offset by lower average gold, copper and silver realized prices by 4%, 17% and 18%, respectively.
- Mining costs decreased by $0.2 million or 1% from $24.2 million in the second quarter of fiscal 2014 to $23.9 million in the second quarter of fiscal 2015 and gross margin increased by $2.3 million to $0.1 million in the second quarter of fiscal 2015 compared with negative gross margin of $2.2 million for the second quarter of fiscal 2014 primarily due to the devaluation of the Euro relative to the US Dollar during the second quarter of fiscal 2015.
- The income tax expense for the second quarter of fiscal 2015 was $0.6 million compared with income tax recovery of $2.5 million for the second quarter of fiscal 2014 due primarily to the derivatives loss of $2.3 million recorded in the second quarter of fiscal 2014 compared with nil in the second quarter of fiscal 2015 as all outstanding derivative instruments were closed in the fourth quarter of fiscal 2014.

The Company recorded adjusted net loss of $4.1 million for the second quarter of fiscal 2015 or $0.03 per share compared with adjusted net loss of $3.3 million or $0.02 per share for the second quarter of fiscal 2014. For further information and a detailed reconciliation of adjusted net loss, please see the "Other Information - Non-IFRS Measures" section of this MD&A.

Total consolidated COC (by-product) of $871 per ounce of gold sold in the second quarter of fiscal 2015 were $138 or 14% lower than the second quarter of fiscal 2014. Total AISC (by-product) of $1,230 per ounce of gold sold in the second quarter of fiscal 2015 were $156 or 11% lower than the second quarter of 2014. COC and AISC in the second quarter of fiscal 2015 were lower compared with the second quarter of 2015 due to: (i) the devaluation of the Euro against the US Dollar in the second quarter of fiscal 2015 and (ii) higher by-product revenue from copper sales due to higher volumes sold in the second quarter of fiscal 2015.

Three Months Ended March 31, 2015 Compared with Three Months Ended December 31, 2014

The Company recorded net loss for the second quarter of fiscal 2015 of $4.1 million or $0.03 per share compared with net income of $0.7 million or $0.01 per share for the first quarter of fiscal 2015. The Company's net loss for the second quarter of fiscal 2015 was affected by the following factors:

- Revenue for the second quarter of fiscal 2015 decreased by $8.7 million or 22% to $30.1 million on sales of 18,636 ounces of gold, 6.1 million pounds of copper and 111,563 ounces of silver compared with revenue of $38.8 million on sales of 21,660 ounces of gold, 6.9 million pounds of copper and 147,139 ounces of silver in the first quarter of fiscal 2015. The decrease in revenue resulted primarily from lower volumes of gold, copper and silver sold at EVBC of 16%, 23% and 6%, respectively, and lower volumes of gold, copper and silver sold at the Don Mario Mine of 9%, 9% and 30%, respectively.
- Total mining costs decreased by $4.1 million or 15% from $28.0 million in the first quarter of fiscal 2015 to $23.9 million in the second quarter of fiscal 2015 primarily due to lower metal volumes sold.
- Gross margin decreased by $2.4 million to $0.1 million compared with $2.5 million in the first quarter of fiscal 2015 primarily due to (i) lower sales volumes at EVBC where a significant portion of mining costs are currently fixed, and (ii) lower average realized price on copper sales in the second quarter of fiscal 2015 of 13% compared with the first quarter of fiscal 2015.

- The income tax expense in the second quarter of fiscal 2015 was $0.6 million compared with an income tax recovery of $0.7 million in the first quarter of fiscal 2015 primarily due the impact of non-deductible provisions at EMIPA and non-deductible non-cash exchange rate losses on Euro denominated financial assets at EVBC in the second quarter of fiscal 2015**.**

Total consolidated COC (by-product) of $871 per ounce of gold sold in the second quarter of fiscal 2015 were $175 or 25% higher than in the first quarter of fiscal 2015. Total AISC (by-product) of $1,230 per ounce of gold sold in the second quarter of fiscal 2015 were $280 or 29% higher than in the first quarter of 2015. COC and AISC in the second quarter of fiscal 2015 were higher compared with the first quarter of 2015 due to: (i) a 13% decrease in average realized by-product price on copper sales and (ii) negative impacts on production at EVBC in the second quarter of fiscal 2015 due to dewatering, power and maintenance issues.

Six Months Ended March 31, 2015 Compared with Six Months Ended March 31, 2014

The Company recorded a net loss of $3.4 million for the six months ended March 31, 2015 or $0.02 per share compared with net loss of $0.9 million for the six months ended March 31, 2014 or $0.01 per share. The Company's net loss was impacted significantly by the following factors:

- Revenue for the six months ended March 31, 2015 increased by $4.6 million or 7% to $68.9 million on sales of 40,296 ounces of gold, 13.0 million pounds of copper and 258,702 ounces of silver from the EVBC Mines and Don Mario Mine compared with revenue of $64.3 million on sales of 36,122 ounces of gold, 7.9 million pounds of copper and 384,882 ounces of silver in the first six months of fiscal 2014. The increase in revenue was primarily due to an increase in gold and copper sales volumes off-set by a decrease in average realized metals prices for all three metals.
- Mining costs were $51.9 million or $4.0 million higher for the first six months of fiscal 2015 compared with $47.9 million for the first six months of fiscal 2014 primarily due to higher sales volumes in the current quarter.
- Gross margin increased by $0.2 million or 8% to $2.5 million for the first six months of fiscal 2015 compared with $2.3 million for the six months ended March 31, 2014 primarily due to higher sales volumes of gold and copper.
- The Company recorded a derivative instruments unrealized gain of $3.1 million for the six months ended March 31, 2014 relating to the fair market revaluation of the Company's outstanding derivative instruments compared with nil for the six months ended March 31, 2015 as all outstanding derivative instruments were closed in the fourth quarter of fiscal 2014.
- The income tax recovery for the six months ended March 31, 2015 was $0.1 million compared with an income tax expense of $1.0 million for the six months ended March 31, 2014 primarily due to the derivative instruments unrealized gain recorded in the six months ended March 31, 2014 of $3.1 million.

The Company recorded an adjusted net loss of $3.4 million for the six months ended March 31, 2015 or $0.02 per share compared with an adjusted net loss of $2.1 million for the six months ended March 31, 2014 or $0.02 per share. For further information and a detailed reconciliation of adjusted net income (loss), please see the "Other Information - Non-IFRS Measures" section of this MD&A.

Total consolidated COC (by-product) of $777 per ounce of gold sold in the six months ended March 31, 2015 were $40 or 5% lower than the six months ended March 31, 2014. Total AISC (by-product) of $1,080 per ounce of gold sold in the six months ended March 31, 2015 were $69 or 6% lower than in the six months ended March 31, 2014. COC and AISC in the six months ended March 31, 2015 were lower compared with the six months ended March 31, 2014 due to: (i) the devaluation of the Euro against the US Dollar in the second quarter of fiscal 2015 and (ii) higher by-product revenue from copper due to higher volumes sold in the first half of fiscal 2015.

EVBC Mines

Through its wholly-owned subsidiary, Kinbauri España S.L.U. ("Kinbauri"), the Company owns and operates the EVBC Mines located in the Rio Narcea Gold Belt in northern Spain. The EVBC Mines comprise the Boinás Mine, where skarns and oxides are being mined underground, and the Carlés Mine, where skarns were being mined underground. The EVBC Mines commenced commercial production in August 2011. The Carlés Mine was placed on care and maintenance in February 2015.

The following table includes consolidated operating and financial performance data for EVBC for the periods set out below.

	Q1 2015	Q2 2015	Q2 2014	YTD 2015	YTD 2014
Operating Performance					
Ore mined (tonnes) (wmt)	156,819	**148,953**	185,835	**305,772**	372,709
Ore milled (tonnes) (dmt)	140,946	**139,837**	186,111	**280,783**	366,824
Daily average throughput (dmt)	1,609	**1,562**	1,808	**1,586**	1,863
Gold					
Grade (g/t)	3.60	**3.51**	2.80	**3.56**	2.71
Recovery (%)	93.5	**90.2**	92.2	**91.9**	92.1
Production (oz)	15,276	**14,236**	15,441	**29,512**	29,429
Sales (oz)	14,076	**11,769**	14,344	**25,845**	29,298
Copper					
Grade (%)	0.71	**0.63**	0.41	**0.67**	0.41
Recovery (%)	84.0	**77.1**	78.2	**80.7**	78.7
Production (‘000 lbs)	1,845	**1,507**	1,322	**3,352**	2,580
Sales (‘000 lbs)	1,588	**1,216**	1,455	**2,804**	2,867
Silver					
Grade (g/t)	12.52	**14.17**	8.15	**13.34**	7.70
Recovery (%)	77.5	**70.7**	79.6	**73.8**	80.1
Production (oz)	43,946	**44,930**	38,846	**88,876**	72,684
Sales (oz)	37,566	**35,148**	40,592	**72,714**	78,157
Financial Performance *(in 000’s, except per share amounts)*					
Revenue	$20,150	**$16,665**	$21,777	**$36,815**	$43,621
Mining costs	$16,820	**$13,938**	$19,766	**$30,758**	$36,211
Derivative instruments gain (loss)	$-	**$-**	($2,343)	**$-**	$6,141
Income (loss) before tax	($2,811)	**($2,010)**	($7,364)	**($4,821)**	$645
Capital expenditures (1)	$2,385	**$1,424**	$4,434	**$3,809**	$8,161
Cash operating costs (by-product) ($/oz) gold (2)	$961	**$1,013**	$1,166	**$984**	$1,022
All-in sustaining costs (by-product) ($/oz) gold (2)	$1,233	**$1,259**	$1,431	**$1,245**	$1,270
All-in costs (by-product) ($/oz) gold (2)	$1,233	**$1,259**	$1,564	**$1,245**	$1,385

(1) See “Cash Flows, Commitments and Liquidity - Capital Expenditures” section of this MD&A.

(2) For further information and a detailed reconciliation of COC, AISC and AIC, please see the “Other Information - Non-IFRS Measures” section of this MD&A.

EVBC Mines Operating Performance

During the second quarter of fiscal 2015, the EVBC Mines produced 14,236 ounces of gold, 1.5 million pounds of copper and 44,930 ounces of silver compared with (i) 15,276 ounces of gold, 1.8 million pounds of copper and 43,946 ounces of silver during the first quarter of fiscal 2015, and (ii) 15,441 ounces of gold, 1.3 million pounds of copper and 38,846 ounces of silver during the second quarter of fiscal 2014.

The 7% decrease in production of gold compared with the first quarter of fiscal 2015 was generally impacted by a decrease in average grade processed through the mill of 3% and a decrease of 1% in tonnes milled. The 8% decrease in production of gold compared with the second quarter of fiscal 2014 was generally impacted by a decrease of 25% in tonnes milled partially offset by an increase in average grade processed through the mill of 25%. Gold production at EVBC during the second quarter of fiscal 2015 was negatively impacted by (i) dewatering issues experienced as a result of unusually heavy rains in Spain and excess water encountered in the current mining zones, and (ii) power and maintenance issues. Management has been working to resolve these matters and has upgraded and repaired the underground water pumping and power installation systems and is continuing to restructure its maintenance function. Such initiatives are expected to demonstrate results commencing in May.

Copper production at EVBC decreased by 18% compared with the first quarter of fiscal 2015 primarily as a result of the operating factors set out above and increased by 14% compared with the second quarter of fiscal 2014 primarily as a result of 54% higher average head grade. Silver production at EVBC increased by 2% compared with the first quarter of fiscal 2015 due to 13% higher average head grade offset by 9% lower recovery and increased 16% compared with the second quarter of fiscal 2014 primarily due to a 74% increase in the average head grade offset by an 11% decrease in recovery.

In February 2015, the Company placed the Carlés Mine on care and maintenance. Management is planning to ramp up production at the higher grade Boinás Mine by the equivalent amount as previously produced from the Carlés Mine. The suspension will provide optionality value pending an improved economic mining plan or higher metal prices. The decision was taken after drilling results indicated lower grades in the future mining blocks (below current activities). As part of the transition plan of people and resources from Carlés to Boinás, optimization initiatives include the reorganization of the underground mine production teams and the replacement of the oxides mine contractor with the production crews from Carlés in April 2015. EVBC worked closely with local communities and collaborated with government authorities during this process. Other planned productivity initiatives include the centralization of the various spread-out supplies and materials warehouses. These initiatives are expected to yield results in the second half of fiscal 2015.

The Company is targeting opportunities to maintain current mine life at EVBC by replacing depleted reserves and upgrading resources at EVBC through various diamond drilling campaigns underway. In the first half of fiscal 2015, approximately 8,500 meters of infill definition diamond drilling and internal exploration diamond drilling has been completed.

EVBC Financial Performance

Revenue from EVBC for the second quarter of fiscal 2015 decreased by 17% to $16.7 million on sales of 11,769 ounces of gold, 1.2 million pounds of copper and 35,148 ounces of silver from $20.2 million on sales of 14,076 ounces of gold, 1.6 million pounds of copper and 37,566 ounces of silver in the first quarter of fiscal 2015 primarily as a result of lower volumes sold of gold, copper and silver by 16%, 23% and 6%, respectively.

Mining costs decreased by 17% from $16.8 million in the first quarter of fiscal 2015 to $13.9 million in the second quarter of fiscal 2015 primarily due to lower volumes produced and sold of gold, copper and silver and the devaluation of the Euro against the US dollar by 11% in the second quarter of fiscal 2015.

Loss before tax for the second quarter of fiscal 2015 was $2.0 million compared with a loss before tax of $2.8 million in the first quarter of fiscal 2015.

Total capital expenditures at EVBC during the second quarter of fiscal 2015 were $1.4 million compared with $2.4 million for the first quarter of fiscal 2015 and $3.8 million for the first half of fiscal 2015 compared with $8.2 million for the first half of fiscal 2014. Capital expenditures in the second quarter of fiscal 2015 consisted substantially of primary development and the tailings dam raise. Please see the "Financial Condition Review - Capital Expenditures" section of this MD&A.

Total COC (by-product) of $1,013 per ounce of gold sold in the second quarter of fiscal 2015 were $52 or 5% higher than in the first quarter of fiscal 2015. Total AISC (by-product) of $1,259 per ounce of gold sold in the second quarter of fiscal 2015 were $26 or 2% higher than in the first quarter of 2015. COC and AISC in the second quarter of fiscal 2015 were higher compared with the first quarter of 2015 due to (i) lower sales of gold and lower by-product revenue due to lower sales of copper and silver, and (ii) lower average realized by-product price of copper.

Management continues to work on the insurance claim for the basic recovery costs of the hoist damaged as a result of the hoisting accident at the Boinás Mine in June 2013. The hoist repair and upgrades were completed in the third quarter of fiscal 2014.

EVBC Growth Exploration

The Company is pursuing opportunities to define new resources in the areas surrounding EVBC. A diamond drilling program is underway at La Brueva property, located eight kilometers from the Boinás Mine. The Company's initial drilling program consisted of nine holes totaling 1,860 meters and was completed in April 2015. A second phase of drilling consisting of twelve holes totaling 2,400 meters has commenced and targets the western part of the structure to define the extent and continuity of mineralization between the recent drill holes and a historical hole. The second phase is expected to be completed by the end of fiscal 2015. The Company will review assay results and geological interpretations from both phases of this drilling program and determine the viability of the program at that time.

Additionally, the Company is pursuing exploration activities, such as mapping, sampling, and geophysics on concessions it holds investigation permits on in the vicinity of the EVBC Mines.

Don Mario Mine

Through its wholly-owned subsidiary, Empresa Minera Paititi S.A. ("EMIPA"), the Company owns and operates the Don Mario Mine located in south-eastern Bolivia. Fiscal 2009 marked the last year of six years of production from the Company's Lower Mineralized Zone ("LMZ") underground gold mine at Don Mario with some gold production from a lower-grade open pit satellite deposit continuing into fiscal 2010 and 2011. The Company is now mining the Upper Mineralized Zone ("UMZ") as an open-pit mine. The Don Mario UMZ Mine reached commercial production in January 2012.

The following table includes operating and financial performance data for the Don Mario Mine for the periods set out below.

	Q1 2015	Q2 2015	Q2 2014	YTD 2015	YTD 2014
Operating Performance					
Ore mined (tonnes) (dmt) (1)	262,700	**241,238**	246,551	**503,938**	493,808
Ore milled (tonnes) (dmt)	221,730	**200,829**	199,526	**422,560**	405,942
Daily average throughput (dmt)	2,620	**2,513**	2,483	**2,567**	2,495
Gold					
Grade (g/t)	1.83	**1.49**	1.45	**1.67**	1.46
Recovery (%)	53.1	**53.6**	44.1	**53.3**	47.7
Production (oz)	6,919	**5,167**	4,094	**12,086**	8,961
Sales (oz)	7,584	**6,867**	2,165	**14,451**	6,824
Copper					
Grade (%)	1.40	**1.36**	1.51	**1.38**	1.44
Recovery (%)	75.2	**75.1**	56.3	**75.1**	55.8
Production ('000 lbs)	5,145	**4,507**	3,726	**9,652**	7,187
Sales ('000 lbs)	5,345	**4,875**	2,091	**10,220**	5,077
Silver					
Grade (g/t)	20.39	**22.90**	64.30	**21.58**	58.84
Recovery (%)	62.6	**58.6**	57.9	**60.7**	59.6
Production (oz)	91,359	**86,605**	238,810	**177,964**	457,802
Sales (oz)	109,573	**76,415**	126,274	**185,988**	306,725
Financial Performance					
(in 000's, except per share amounts)					
Revenue	$18,620	**$13,443**	$7,348	**$32,063**	$20,724
Mining costs	$11,150	**$10,006**	$4,385	**$21,156**	$11,716
Income (loss) before tax	$3,745	**$940**	$1,049	**$4,685**	$4,355
Capital expenditures	$905	**$1,248**	$975	**$2,153**	$1,764
Cash operating costs (co-product) ($/oz) gold (2)	$845	**$904**	$861	**$872**	$815
Cash operating costs (co-product) ($/lb) copper (2) (3)	$2.15	**$2.00**	$2.26	**$2.08**	$2.24
Cash operating costs (co-product) ($/oz) silver (2)	$13.95	**$13.65**	$16.42	**$13.85**	$15.76
All-in sustaining costs (co-product) ($/oz) gold (2)	$925	**$1,039**	$1,055	**$976**	$961
All-in sustaining costs (co-product) ($/lb) copper (2)	$2.34	**$2.29**	$2.70	**$2.32**	$2.59
All-in sustaining costs (co-product) ($/oz) silver (2)	$15.12	**$15.72**	$19.50	**$15.41**	$18.13
All-in costs (co-product) ($/oz) gold (2)	$925	**$1,039**	$1,055	**$976**	$961
All-in costs (co-product) ($/lb) copper (2)	$2.34	**$2.29**	$2.70	**$2.32**	$2.59
All-in costs (co-product) ($/oz) silver (2)	$15.12	**$15.72**	$19.50	**$15.41**	$18.13

(1) Ore mined includes oxides mined and stockpiled prior to the oxides impairment recorded in the third quarter of fiscal 2014.

(2) For further information and a detailed reconciliation of COC, AISC and AIC, please see the “Other Information - Non-IFRS Measures” section of this MD&A.

(3) COC per pound of copper sold represent C1 costs plus royalties.

Don Mario Mine Operating Performance

During the second quarter of fiscal 2015, Don Mario Mine produced 5,167 ounces of gold, 4.5 million pounds of copper and 86,605 ounces of silver compared with (i) 6,919 ounces of gold, 5.1 million pounds of copper and 91,359 ounces of silver in the first quarter of fiscal 2015, and (ii) 4,094 ounces of gold, 3.7 million pounds of copper and 238,810 ounces of silver in the second quarter of fiscal 2014.

The 25% decrease in gold production compared with the first quarter of fiscal 2015 is primarily due to higher average head grades realized in the first quarter of fiscal 2015 as a result of mining a planned higher grade zone. The 26% increase in gold production compared with the second quarter of fiscal 2014 is primarily due to a 21% increase in recovery with the addition of the gravity gold concentrators commissioned at the end of the second quarter of fiscal 2014.

Copper production decreased by 12% in the second quarter of fiscal 2015 compared with the first quarter of fiscal 2015 primarily due to lower tonnes milled and a slightly lower copper head grade. Copper production increased by 21% in the second quarter of fiscal 2015 compared with the second quarter of fiscal 2014 primarily due to higher recoveries of 33% as a result of processing more sulphides as mining progresses lower in the pit, partially offset by a 10% decrease in average head grade. The decrease in silver production of 5% compared with the first quarter of fiscal 2015 is primarily due to lower tonnes mined and milled and 6% lower recovery offset by 12% higher average head grade. The decrease in silver production of 64% compared with the second quarter of fiscal 2014 is primarily due to a 64% decrease in recovery as a result of mining a planned higher grade silver zone in fiscal 2014.

Don Mario Mine Financial Performance

Revenue from Don Mario decreased by 28% from $18.6 million in the first quarter of fiscal 2015 to $13.4 million in the second quarter of fiscal 2015 on sales of 6,867 ounces of gold, 4.9 million pounds of copper and 76,415 ounces of silver compared with sales of 7,584 ounces of gold, 5.3 million pounds of copper and 109,573 ounces of silver in the first quarter of fiscal 2015. Lower sales were the result of lower volumes sold of gold, copper and silver of 9%, 9% and 30%, respectively.

Tonnes mined and milled decreased by 8% and 9% in the second quarter of fiscal 2015 compared with the first quarter of fiscal 2015. Mining costs of $10.0 million for the second quarter of fiscal 2015 decreased by $1.1 million or 10% compared with $11.1 million during the first quarter of 2015 due to lower production and sales of gold, copper and silver.

Income before tax for the second quarter of fiscal 2015 was $0.9 million compared with $3.7 million for first quarter of fiscal 2015 primarily as a result of lower revenue.

Total capital expenditures at the Don Mario Mine during the second quarter of fiscal 2015 were $1.2 million compared with $0.9 million in the first quarter of fiscal 2015. Capital expenditures in the first quarter of fiscal 2015 consisted primarily of the tailings dam raise.

For the second quarter of fiscal 2015, COC (co-product) were $904 per ounce of gold or 7% higher, $2.00 per pound of copper or 7% lower and $13.65 per ounce of silver or 2% lower compared with $845 per ounce of gold, $2.15 per pound of copper and $13.95 per ounce of silver in the first quarter of fiscal 2015. Total AISC (co-product) were $1,039 per ounce of gold or 12% higher, $2.29 per pound of copper or 2% lower and $15.72 per ounce of silver or 4% higher compared with $925 per ounce of gold, $2.34 per pound of copper and $15.12 per ounce of silver for the first quarter of fiscal 2015. The increase in costs in the second quarter of fiscal 2015 is primarily due to a decrease in metals volumes sold with higher associated per unit mining costs.

Don Mario Exploration and Mine Life Extension

The Company completed a review of its opportunities to increase its resource estimates at its existing Don Mario Mine through the potential to identify new mineral resources in the surrounding area that previously had some geochemical, trenching and drilling results indicating gold mineralization in late fiscal 2013. During fiscal 2014, drilling targets were reviewed and an exploration drilling plan was executed. Although gold mineralization was encountered, the drill results were not deemed economic to define new mineral resources. In fiscal 2015, exploration drilling is concentrating around the known mineralized zones north-west and south-east of the UMZ. The Company completed 39 holes approximating 3,600 meters and assay results are pending.

Pit optimization studies are being carried out to determine the potential of mining an upper portion of the LMZ and crown pillar area, which if successful, would have the effect of extending the life-of-mine. The Company expects the results of these studies by the fourth quarter of fiscal 2015.

The Company is also pursuing further metallurgical testing to evaluate economic methods of processing its existing oxide stockpile. The Company expects the results of this testing by the fourth quarter of fiscal 2015.

Sale of Copperwood

During fiscal 2014, the Company sold the Copperwood Project to Highland Copper Company Inc. ("Highland") for consideration of up to $25.0 million. On the closing of the sale in June 2014, the Company received cash consideration of $13.0 million and a secured promissory note of $7.0 million. The promissory note was repaid in the first quarter of fiscal 2015 for $7.5 million including interest.

The additional consideration of up to $5.0 million is payable in cash or shares of Highland, of which $2.5 million is time-based and payable within four years of closing, and the remaining $2.5 million is contingent upon commercial production and reaching a certain level of average copper prices in a specified timeframe.

Market Review and Trends

Metal Prices

The market prices of gold and copper are one of the primary drivers of Orvana's earnings and ability to generate free cash flows. During the second quarter of fiscal 2015, the gold price remained volatile, with the price ranging from $1,147 to $1,298 per ounce and an average quarterly market price of $1,219 per ounce compared with $1,201 per ounce in the first quarter of fiscal 2015. Orvana's average gold realized price for the second quarter of fiscal 2015 was $1,226 per ounce. The Company derived approximately 56% of its revenue from sales of gold in the second quarter of fiscal 2015.

The strengthening of the US dollar as a result of an improvement to the US economy and US treasury policy led to a continued lower price of gold during the second quarter of fiscal 2015. The Company believes that continued improvement in the US economy with an expectation of increased interest rates in the future will continue to have a negative impact on the price of gold as investors shift towards higher yielding assets. An uncertain macroeconomic environment in certain jurisdictions such as Europe and China and geopolitical concerns, together with the limited choice of alternative safe haven investments, may offset further.

Copper prices during the second quarter of fiscal 2015 traded in a range of $2.45 to $2.83 per pound with an average quarterly price of $2.62 per pound compared with $3.00 per pound in the first quarter of fiscal 2015. Orvana's average copper realized price for the second quarter of fiscal 2015 was $2.62 per pound. Copper's strength lies mainly in strong physical demand from emerging markets, especially China. In the near term, the Company believes copper prices should continue to be influenced by demand from emerging markets, the availability of scrap and production levels of mines and smelters in the future. The Company derived approximately 39% of its revenue from sales of copper in the second quarter of fiscal 2015.

In the second quarter of fiscal 2015, silver prices traded in a range from $15.47 per ounce to $18.23 per ounce with an average quarterly price of $16.71 per ounce compared with $16.50 in the first quarter of fiscal 2015. The Company derived approximately 5% of its revenue from sales of silver in the second quarter of fiscal 2015.

Currency Exchange Rates

The results of Orvana's operations are affected by US dollar exchange rates. Orvana's largest exposure is to the Euro to US Dollar exchange rate which impacts operating and administration costs at EVBC incurred in Euros while revenue is earned in US dollars. Orvana's cost of sales and expenses were positively affected by historical lows reached by the Euro to US Dollar exchange rate of 1.09 in the second quarter of fiscal 2015. As a result, mining costs at EVBC were lower by approximately $1.5 million in the second quarter of fiscal 2015 compared with the first quarter of fiscal 2015 where the average Euro to US Dollar exchange rate was 1.25.

Orvana also has a minor exposure to the Canadian dollar and the Swedish krona through corporate administration costs. Orvana's exposure to the US Dollar to Bolivianos exchange rate is limited as this exchange rate has not fluctuated significantly during previous reporting periods.

Environment, Health, Safety and Sustainability

The Board of Directors of the Company has a Technical, Safety, Health, Environment and Sustainability Committee. The purpose of this Committee is to provide support for the Company's safety, health, environmental and sustainability programs, and to assist in reviewing the technical, safety, health, environmental and sustainability performance of the Company. The Company maintains health and workplace safety programs at each of its operations. In order to ensure that safety goals and optimal safety standards are achieved, comprehensive training programs for mine and mill operations take place on an ongoing basis. Orvana maintains various industry metrics to track its environment, health and safety performance over time such as lost-time injury frequency rates and lost-time injury severity rates.

Orvana is committed to developing and operating its mines and projects, including reclamation efforts, in full compliance with local environmental regulations and recognized international environmental standards. In furtherance of this commitment, Orvana regularly implements programs to protect and enhance natural habitats and sensitive species, including reclamation and reforestation efforts and the establishment of water sources for wildlife. The Company monitors the water and air quality on a frequent basis at EVBC and the Don Mario Mine and these operations are also periodically inspected by environmental regulatory authorities. Third parties sample and analyze both surface and ground water following protocols established by the applicable regulatory authorities. Any regulated elements whose values are not in compliance in the subject jurisdictions, when detected, are quickly located and evaluated. To date, although certain parameters have not always been in compliance at the Company's operations, evaluations have been provided to the respective regulatory authorities and remedial actions have or are being implemented. The Company is currently working through one such matter in Spain with a local regulatory authority in respect of which it has received and may receive certain monetary sanctions. The Company has been working to remediate this matter. The construction of a reverse osmosis water treatment plant was completed in the fourth quarter of fiscal 2014 and the plant has been operational since September 2014. In addition, the Company received certain amendments to certain of its permits as a result thereof and is appealing certain terms and conditions thereto.

Orvana is committed to the social development and well-being of the communities in which it operates. To this end, Orvana continues to support, financially and otherwise, local community endeavors associated with these objectives. In fiscal 2015, Orvana corporate leaders continue to be active in visiting and participating in sustainability initiatives in Spain and Bolivia. The Company has supported the communities surrounding EVBC by donating funds to the local municipalities. In addition, the Company has funded the re-stocking of fish species into the local rivers surrounding EVBC. In fiscal 2014, EVBC sponsored the Rio Narcea Salmon fair and provided mining educational materials and donations to the elementary school in Salas. In the first half of fiscal 2015, Orvana participated in the celebration of Santa Barbara Day in the community of Oviedo and supported other cultural, environmental and sporting activities in the local communities.

In the Chiquitos Province of Bolivia where the Don Mario Mine is located, the Company is actively involved in working with communities to contribute to the improvement of their standard of living. In 2011, Orvana renewed its support of investing $1.8 million in the local communities over a five year period. Projects supported by Orvana include supervision of and financial support for community development projects such as utilities and parks, education and information technology, cultural events and sporting initiatives, community business development initiatives, agricultural projects and maintenance of community roads. In the second quarter of fiscal 2015, the Company funded $0.1 million (fiscal 2014 - $0.2 million) of such commitment for a total of $1.6 million funded since 2011. Projects are jointly monitored by the Company and community boards and funds are paid directly to contractors based on project work completed.

FINANCIAL CONDITION REVIEW

Balance Sheet Review

The following table provides a comparison of key elements of Orvana's balance sheet at March 31, 2015 and September 30, 2014:

(in 000's)	**March 31, 2015**	**September 30, 2014**
Cash and cash equivalents	$21,512	$16,545
Restricted cash (short term)	$4,098	$9,897
Non-cash working capital (1)	$2,544	$18,761
Total assets	$192,590	$221,118
EVBC Loan (net of financing fees) (2)	-	$15,900
Total liabilities	$66,731	$91,918
Shareholders' equity	$125,859	$129,200

(1) Working capital represents current assets of $57.8 million less cash and cash equivalents and short-term restricted cash totaling $25.6 million and less $29.6 million in current liabilities composed of accounts payable and accrued liabilities and income taxes payable (not including bank debt, the Fabulosa Loan, the EVBC Loan, and derivative instruments).

(2) The EVBC Loan was repaid in full on November 10, 2014. The amount of Orvana's outstanding EVBC Loan at September 30, 2014 was $16.6 million, less financing fees of $0.7 million. Information relating to Orvana's outstanding credit facilities is set out below.

Total assets decreased by $28.5 million or 13% from $221.1 million to $192.6 million primarily as a result of the decrease in (i) restricted cash of $5.8 million as the cash was used for the repayment of the EVBC loan, (ii) the Copperwood note of $7.3 million as cash proceeds were received, (iii) value added taxes and other receivables of $10.6 million as interim taxes at EVBC were refunded, and (iv) property, plant and equipment of $9.4 million due to depreciation, offset by an increase in cash and cash equivalents of $5.0 million including proceeds from the Copperwood note.

Total liabilities decreased by $25.2 million or 27% to $66.7 million at March 31, 2015 from $91.9 million at September 30, 2014 primarily as a result of a decrease in total debt of $21.4 million from the repayment of the EVBC Loan in full and a reduction in total debt in Bolivia.

EMIPA had short term credit facilities with a Bolivian bank payable in 90 to 180 days from the date of advance with an annual interest rate of 6.0%. Certain of EMIPA's assets are pledged as security against these loans. The credit facilities are not guaranteed by Orvana. The proceeds are used to finance EMIPA's working capital needs. The current limit on these credit facilities is $4.0 million and the balance outstanding as at May 5, 2015 was $2.0 million. The foregoing excludes bank guarantees of $3.2 million (September 30, 2014 - $2.3 million) related to refunded value-added taxes and chemical and natural gas purchases. The Company expects to maintain a level of short-term debt of approximately $4.0 million to $6.0 million in Bolivia.

EVBC Loan

In October 2010, Kinbauri entered into the EVBC Loan, a $50 million five-year term corporate credit facility. The funds were primarily used to complete the construction of the EVBC Mines. In February 2012, the EVBC Loan was extended by one year to September 30, 2016 and increased by $13.8 million including approximately $6.5 million (€5 million) to fund an environmental bond. The EVBC Loan was amended effective July 11, 2014 resulting in a new maturity date of November 30, 2014 (the "New Maturity Date") and requiring (i) a number of principal repayments to be made from restricted cash, Copperwood Project proceeds and working capital, (ii) quarterly principal repayments, and (iii) the closure of outstanding derivative instruments in July 2014. As a condition to the amendments of the EVBC Loan, Orvana had to establish a line of credit in the minimum amount of $6.5 million in the form of the Fabulosa Loan (as defined below) until the New Maturity Date. See "Transactions with Fabulosa Mines Limited - Related Party Transactions" below.

The EVBC Loan required gold, copper and US dollars/EUR derivative instruments that were previously put in place. The security for the EVBC Loan included a fixed and floating charge over the assets of

Kinbauri and a pledge by Orvana of all of the shares of Kinbauri. Kinbauri's obligations under the EVBC Loan were guaranteed by Orvana. In July 2014, all outstanding derivative instruments were closed for net proceeds of $7.1 million with the proceeds applied as a repayment of principal under the EVBC Loan.

Orvana completed repayment of the EVBC Loan on November 10, 2014, two years ahead of schedule. As of the date of the MD&A, the associated guarantees have been released and the remaining security has been discharged.

Fabulosa Loan - Related Party Transactions

The Company entered into a secured loan (the "Fabulosa Loan") with Fabulosa Mines Limited ("Fabulosa"), the Company's 51.9% shareholder, in the amount of $11.5 million in 2011. The Company used proceeds drawn under the Fabulosa Loan for working capital purposes. Interest on the outstanding principal was 12% per annum and the stand-by fee was 1.5% on undrawn amounts and both amounts are payable monthly. The Company paid withholding taxes imposed by applicable taxing authorities. During the third quarter of fiscal 2014, the outstanding balance of $6.5 million was repaid with the proceeds from the sale of Copperwood.

The amendment of the EVBC Loan was conditional on the establishment of a $6.5 million line of credit. Accordingly, the Fabulosa Loan was amended effective July 11, 2014. The maturity period was extended from September 30, 2014 to December 31, 2014 and the amount which may be drawn under the Fabulosa Loan was amended to $6.5 million. In connection with such amendment, the Company issued warrants to Fabulosa to purchase 100,000 Common Shares exercisable at a price of $0.54 until July 11, 2019. The Company also paid a structuring fee of 2% for a total of $0.1 million. No amounts were drawn under the Fabulosa Loan prior to the end of its availability period. The Fabulosa Loan has not been renewed as the Company has completed the de-levering of its balance sheet and the sale of Copperwood and expects to be in a position to generate free cash flow in 2015. All security under the Fabulosa Loan has been discharged.

Concurrent with the initial Fabulosa Loan, the Company entered into an agreement with Fabulosa pursuant to which, for so long as it owns at least 10% of the outstanding Common Shares, Fabulosa has the right to designate, at any shareholders' meeting at which directors are to be elected, that number of management's nominees for election as directors of the Company that is the same proportion as its ownership interest is of the Common Shares.

Shareholders' Equity

Shareholders' equity at March 31, 2015 decreased by 3% to $125.9 million compared with $129.2 million at September 30, 2014. The table below sets out the number of each class of securities of the Company outstanding at March 31, 2015 and as at the date hereof:

	At March 31, 2015
Common Shares	136,623,171
Warrants (1)	1,520,000
Options (2)	2,270,001

(1) All of the outstanding warrants are held by Fabulosa. Warrants to purchase up to 1,300,000 Common Shares were issued on September 6, 2011 with an exercise price of C$1.90 until September 6, 2016. Warrants to purchase up to 1,425,000 Common Shares were issued on March 5, 2012 with an exercise price of C$0.97 until March 5, 2017. As a result of the forfeiture or expiration of certain options, warrants to purchase up to 870,000 Common Shares were outstanding as of the date of the MD&A of which 450,000 were exercisable, in respect of the 2011 and 2012 warrants. In connection with a July 2013 Fabulosa Loan amendment, warrants to purchase 500,000 Common Shares were issued on August 22, 2013 with an exercise price of C$0.49 until August 22, 2018. In connection with a July 2014 Fabulosa Loan amendment, the Company issued warrants to purchase 100,000 Common Shares at an exercise price of C$0.53 until July 11, 2019.

(2) The options have a weighted average exercise price of $2.72 and expiry dates ranging from 2015 to 2019.

Capital Resources

At March 31, 2015, the Company had cash and cash equivalents of $21.5 million, restricted cash of $5.9 million and total debt of $3.9 million. The Company considers its capital employed to consist of shareholders' equity (including share capital, contributed surplus and retained earnings) and total debt net of cash and cash equivalents as follows:

(in 000's)	March 31, 2015	September 30, 2014
Shareholders' equity	**$125,859**	$129,200
Bank debt (1)	**$3,943**	$9,364
EVBC Loan (1)	**$-**	$16,614
	$129,802	$155,178
Less: Cash and cash equivalents	**(21,512)**	(16,545)
Capital employed	**$108,290**	$138,633

(1) Bank debt represents various credit facilities associated with the Don Mario Mine. The EVBC Loan was fully repaid on November 10, 2014.

The Company's financial objective when managing capital is to ensure that it has the cash and debt capacity and financial flexibility to fund its ongoing business objectives including operating activities, investments and growth in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, in addition to using cash flows from operating activities for this purpose, the Company may issue new shares or obtain additional debt. In the third quarter of fiscal 2014, the Company closed the sale of Copperwood for closing proceeds of $13.0 million with final payment of $7.5 million (including interest of $0.5 million) received on December 16, 2014. On November 10, 2014, the Company completed the repayment of the EVBC Loan, two years ahead of schedule resulting in interest savings to the Company of approximately $1.4 million.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the Company's operating and financial performance and current outlook of the business and industry in general. The Company's alternatives to fund future capital needs include cash flows from operating activities, debt or equity financing or adjustments to capital spending. The capital structure and these alternatives are reviewed by management and the board of directors of the Company on a regular basis to ensure the best mix of capital resources to meet the Company's needs.

The Company manages capital through its operating and financial budgeting and forecasting processes. The Company reviews its working capital and forecasts its future cash flows on a periodic basis, based on operating expenditures and other investing and financing activities. The forecast is regularly updated based on the results of its EVBC and Don Mario Mines. Information is regularly provided to the board of directors of the Company.

Cash Flows, Commitments and Liquidity

Cash Flows

Total cash and cash equivalents as at March 31, 2015 was $21.5 million primarily denominated in US dollars representing an increase of $5.0 million from $16.5 million at September 30, 2014. Short-term restricted cash was $4.1 million at March 31, 2015 compared with $9.9 million at September 30, 2014 which included $9.1 million in a debt service reserve which was used to complete repayment of the EVBC Loan on November 10, 2014. The Company's total debt was $3.9 million at March 31, 2015 and $2.0 million at the date of the MD&A associated with the Don Mario Mine. This compares with total debt as at September 30, 2014 of $26.0 million (debt net of cash, cash equivalents and restricted cash for debt repayment was $0.3 million).

The following table summarizes the principal sources and uses of cash for the periods specified below:

(in 000's)	Q1 2015	Q2 2015	Q2 2014	YTD 2015	YTD 2014
Cash provided by operating activities before changes in non-cash working capital (1) (2)	$7,455	**$2,662**	$3,587	**$10,117**	$12,105
Cash provided by operating activities (1) (2)	$14,958	**$4,528**	$3,576	**$19,486**	$7,330
Cash provided by (used in) financing activities	($22,528)	**$493**	($3,293)	**($22,035)**	($6,440)
Cash provided by (used in) investing activities (3)	$11,342	**($4,067)**	($3,742)	**$7,275**	($7,943)
Change in cash	$3,772	**$954**	($3,459)	**$4,726**	($7,053)

(1) Operating cash flows is cash provided by operating activities from continuing operations and discontinued operations.

(2) Operating cash flows include cash from realized gains on settlement of the derivative instruments of $1.4 million in the second quarter of fiscal 2014 and $3.0 million in the first half of fiscal 2014. The Company's outstanding derivative instruments were closed out during the fourth quarter of fiscal 2014.

(3) These amounts are presented on a cash basis. Each reported period excludes unpaid capital expenditures incurred in the period which will be paid in subsequent periods and includes capital expenditures incurred in prior periods and paid for in the applicable reported period. See "Cash Flows, Commitments and Liquidity - Capital Expenditures".

Orvana's primary source of liquidity continues to be from operating cash flows. Cash flows from operating activities before changes in non-cash working capital were $2.7 million for the second quarter of fiscal 2015 compared with $7.5 million for first quarter of fiscal 2015 and cash flows from operating activities were $4.5 million for the second quarter of 2015 compared with $15.0 million for the first quarter of fiscal 2015.

The most significant drivers of the change in operating cash flow are production and sales and market gold and copper prices. Future changes in metals market prices, either favourable or unfavourable, will continue to have a material impact on the Company's cash flows and liquidity. The principal uses of operating cash flows have been the repayment of debt and the funding of the Company's capital expenditures.

Cash provided by financing activities was $0.5 million in the second quarter of fiscal 2015 compared with cash used in financing activities of $22.5 million in the first quarter of fiscal 2015 primarily due to the repayment of the EVBC Loan in Q1 2015.

Cash used in investing activities was $4.1 million in the second quarter of fiscal 2015 compared with cash provided by investing activities of $11.3 million in the first quarter of fiscal 2015 primarily due to the receipt of the proceeds of the Copperwood sale in Q1 2015.

See "Capital Expenditures" below.

Capital Expenditures

The following table sets forth Orvana's capital expenditures for the periods specified below for the EVBC Mines and the Don Mario Mine:

Capital Expenditures *(in 000's)* **(1)**	**Q1 2015**	**Q2 2015**	**Q2 2014**	**YTD 2015**	**YTD 2014**
Don Mario Mine	$905	**$1,248**	$975	**$2,153**	$1,764
EVBC Mines (1)	2,385	**1,424**	4,434	**3,809**	8,161
Corporate	-	**6**	2	**6**	2
Subtotal capital expenditures	$3,290	**$2,678**	$5,409	**$5,968**	$9,927
EVBC – accounts payable adjustments (1)	(829)	**918**	(902)	**89**	(2,425)
Total capital expenditures from continuing operations (2)	$2,461	**$3,596**	$4,509	**$6,057**	$7,502
Total capital expenditures from discontinued operations (Copperwood)	-	**-**	248	**-**	375
Total capital expenditures (2)	$2,461	**$3,596**	$4,757	**$6,057**	$7,877

(1) These amounts are presented on a cash basis. Each reported period excludes unpaid capital expenditures incurred in the period which will be paid in subsequent periods and includes capital expenditures incurred in prior periods and paid for in the applicable reported period.

(2) For further discussion relating to capital expenditures, see "Cash Flows, Commitments and Liquidity - Liquidity".

For fiscal 2014, capital expenditures excluding the hoist repair and upgrades were approximately $10.1 million. The Company expects capital expenditures for fiscal 2015 to be in the range of $13.0 million to $15.0 million, assuming current metals market prices.

Other Commitments

At March 31, 2015, the Company's contractual obligations included: bank debt; term credit facilities; operating leases; decommissioning liabilities; purchase obligations related to certain operating activities at EVBC and the Don Mario Mine; provision for statutory labour obligations; and long-term compensation. Contractual obligations are summarized in the following table below:

At March 31, 2015	Payment Due by Period				
(in 000's)	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Bank debt - Don Mario Mine [(1)]	**$3,943**	$3,943	-	-	-
Operating leases	**$1,758**	$1,199	$559	-	-
Decommissioning liabilities [(2)]	**$21,577**	$221	$4,897	$510	$15,949
Reclamation bond [(3)]	**$5,380**	$5,380	-	-	-
Purchase obligations	**$4,984**	$3,145	$1,839	-	-
Provision for statutory labour obligations [(4)]	**$2,148**	-	$2,148	-	-
Long-term compensation	**$643**	$181	$353	-	$109
Total contractual obligations [(5)]	**$40,433**	**$14,069**	**$9,796**	**$510**	**$16,058**

(1) Bank debt represents various credit facilities associated with the Don Mario Mine. See "Financial Condition Review - Balance Sheet Review".

(2) Decommissioning liabilities are undiscounted. Total cash deposited with a Spanish financial institution for reclamation bonds amounted to approximately $8.1 million at March 31, 2015 (September 30, 2014 - $9.5 million). Decommissioning liabilities are discussed below under "Other Information - Critical Accounting Estimates - Decommissioning Liabilities".

(3) An additional reclamation bond of up to €5 million may have to be deposited by the Company under Spanish mining regulations in respect of the EVBC Mines. The Company is currently challenging this in legal proceedings based on technical considerations and is appealing the requirement to deposit such additional amount with the Spanish government.

(4) Under Bolivian law, EMIPA has an obligation to make payments to employees in the amount of one month's wages for each year of service. The employee can elect to receive payment after five years of service in the amount of five months of wages while continuing employment with EMIPA.

(5) Production from the EVBC Mines and the Don Mario Mine is subject to certain royalties which amounts have not been included in total contractual obligations at March 31, 2015. For a description of such royalties and amounts payable, see "Royalties" below.

Royalties

Production from EVBC is subject to a 3% net smelter return royalty ("NSR"), referred to herein as the EVBC Royalty. The EVBC Royalty rate decreases to 2.5% for any quarter in which the average price of gold is below $1,100 per ounce. The EVBC Royalty expense totaled $0.5 and $1.2 million for the second quarter of fiscal 2015 and the first half of fiscal 2015, respectively, compared with $0.6 and $1.3 million in the second quarter of fiscal 2014 and the first half of fiscal 2014 respectively.

Production from the Don Mario Mine is subject to a 3% NSR. This expense totaled $0.5 and $1.0 million for the second quarter of fiscal 2015 and the first half of fiscal 2015, respectively, compared with $0.2 and $0.6 million in the second quarter of fiscal 2014 and the first half of fiscal 2014, respectively. The Bolivian government collects a mining royalty tax on the revenue generated from copper, gold and silver sales from the Don Mario Mine at rates of 5%, 7% and 6%, respectively. These amounts totaled $1.4 and $3.0 million for the second quarter of fiscal 2015 and the first half of fiscal 2015, respectively, compared with $0.7 and $1.9 million in the second quarter of fiscal 2014 and the first half of fiscal 2014, respectively. The NSR and the mining royalty tax are referred to herein as the "Don Mario Royalties".

Liquidity

Orvana's primary sources of liquidity in the first half of fiscal 2015 were operating cash flows and proceeds from the sale of Copperwood.

Bank loans with certain Bolivian banks have averaged a balance of approximately $6.0 million to $10.0 million and are short term, ranging from 90 to 180 days. Although in the past, EMIPA's lenders have agreed to renew these loans in the ordinary course, new loans replacing those maturing may not be obtained as the current end to the life-of-mine nears. In the first half of fiscal 2015, two such loans totaling $4.0 million were not renewed. In the event that the remaining outstanding loans are not renewed, cash flows from operating activities from the Don Mario Mine will be used for working capital purposes and less cash flows therefrom will be available for distribution to Orvana. At the date of the MD&A, the Bolivian bank debt balance was $2.0 million.

As a result of the amendment of the EVBC Loan during the fourth quarter of fiscal 2014 and, until full repayment of the EVBC Loan was made on November 10, 2014, EVBC received additional working capital financing of $8.5 million from Orvana. Orvana financed this working capital infusion from cash flows generated by the Don Mario Mine and proceeds from the sale of Copperwood. No further cash flow infusions were made in the first half of fiscal 2015 and further cash flow infusions are not expected now that the EVBC Loan has been repaid.

As at March 31, 2015, the Company had cash of $21.5 million and restricted cash of $4.1 million designated to cover the Company's commitments due in less than one year of $14.1 million.

The Company generated positive operating cash flows in the first half of fiscal 2015. Financing and investing activities including the repayment of debt and capital expenditures offset by the remaining cash proceeds from the Copperwood sale resulted in positive free cash flow. With completion of the repayment of the EVBC Loan and the Company's planned capital expenditures, at current metal market prices, the Company expects to generate positive free cash flows for the remainder of fiscal 2015.

If (i) unanticipated events occur that may impact the operations of EVBC Mines and the Don Mario Mine, and/or (ii) if the Company does not have adequate access to financing on terms acceptable to the Company, the Company may need to take additional measures to increase its liquidity and capital resources, including obtaining additional debt or equity financing, pursuing joint-venture partnerships, equipment financings or other receivables financing arrangements. The Company may experience difficulty in obtaining satisfactory financing terms. Failure to obtain adequate financing on satisfactory terms could have a material adverse effect on Orvana's results of operations or financial condition.

SUMMARY OF QUARTERLY RESULTS

The following two tables include results for the eight quarters ended March 31, 2015:

	Quarters ended			
(in 000's, except per share amounts)	**Q2 2015**	**Q1 2015**	**Q4 2014**	**Q3 2014**
Revenue	**$30,108**	$38,770	$43,998	$34,064
Net income (loss)	**($4,130)**	$738	($2,896)	($25,902)
Earnings (loss) per share (basic and diluted)	**($0.03)**	$0.01	($0.02)	($0.19)
Total assets	**$192,590**	$200,891	$221,118	$236,638
Total financial liabilities (1)	**$3,943**	$3,450	$25,978	$44,853
	Quarters ended			
	Q2 2014	**Q1 2014**	**Q4 2013**	**Q3 2013**
Revenue	$29,125	$35,220	$43,975	$36,997
Net income (loss)	($6,953)	$6,008	$1,174	$11,315
Earnings (loss) per share (basic and diluted)	($0.05)	$0.04	$0.01	$0.08
Total assets	$283,606	$293,448	$288,339	$281,101
Total financial liabilities (1)	$55,209	$58,502	$61,647	$62,741

(1) Financial liabilities include the bank debt, Fabulosa Loan, current and long-term portions of obligations under finance leases and the EVBC Loan, before deducting financing fees.

FINANCIAL AND OTHER RISKS AND UNCERTAINTIES

Financial Risks

The Company's activities expose it to a variety of financial market risks (including commodity price risks, currency risk and interest rate risk), credit risks, liquidity risks, financing risks and other risks. Enterprise risk management is carried out by management of the Company under policies approved by the board of directors thereof. Management identifies and evaluates the financial risks in co-operation with the Company's operating units. The Board of Directors of the Company reviews management's risk management programs and provides oversight on specific areas. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial and operating performance.

Other Risks

The Company identified a variety of additional risks and uncertainties in the Management's Discussion and Analysis in respect of the Company's fiscal year ended September 30, 2014 and in the most recent

Annual Information Form ("AIF") including, but not limited to, (i) mineral resources and reserves estimates and replacement of depleted reserves, (ii) production estimates, (iii) development, capital projects and operations of mines, (iv) competition, (v) acquisitions and divestitures, (vi) title matters, (vii) water supply, (viii) regulatory and other risk, (ix) permits, (x) environmental, health and safety regulations, (xi) political and related risks, (xii) insurance, (xiii) reliance on key personnel and labor relations, (xiv) community relations and license to operate, (xv) litigation, (xvi) conflicts of interest, (xvii) controlling shareholder, and (xviii) share trading volatility.

For a fulsome discussion of such financial and other business risks, please see the "Risk Factors" in Orvana's most recent AIF at www.sedar.com.

OTHER INFORMATION

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenues and expenses during the period. Actual results could differ significantly from those estimates. Specific items requiring estimates are mineral reserves, accounts receivable, property, plant and equipment, depreciation and amortization, forward metals prices, decommissioning liabilities, future income taxes, stock-based compensation and other accrued liabilities and contingent liabilities.

Net Realizable Amounts of Property, Plant and Equipment

At March 31, 2015, the net carrying value of the property, plant and equipment in respect of EVBC and the Don Mario Mine amounted to $102.7 million and $15.1 million, respectively. Effective from the point that they are ready for their intended use, property, plant and equipment are amortized on a straight line basis or using the units-of-production method over the shorter of the estimated economic life of the asset or mineral property. The method of depreciation is determined based on that which best represents the use of the assets.

The reserve and resource estimates for each operation are the prime determinants of the life of a mine. In general, a mineralized deposit where the mineralization is reasonably well defined is amortized over its proven and probable mineral reserves. Non-reserve material may be included in the depreciation calculations in limited circumstances where there is a high degree of confidence in economic extraction. The expected economic life of these mines is dependent upon, among other things, the estimated remaining ore; gold, copper and silver prices; cash operating costs and capital expenditures.

The Company assesses each mine development project to determine when a mine is substantially complete and ready for its intended use and has advanced to the production stage. In its assessment, the Company considers relevant criteria based on the nature of each project, including the completion of a reasonable period of testing of mine plant and equipment, the ability to produce materials in saleable form (within specifications) and the ability to sustain ongoing production of minerals. When a mine development project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either capitalized to inventory or expensed, except for sustaining capital costs and underground mine or reserve development, which are capitalized to property, plant and equipment.

Decommissioning Liabilities

Decommissioning liabilities relate to the dismantling of the mine facilities and environmental reclamation of the areas affected by mining operations. Mine facilities include structures and the tailings dam. Environmental reclamation requirements include mine water treatment, reforestation and dealing with soil contamination. It is possible that the Company's estimates of the ultimate amounts required to decommission its mines could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation, cost estimates or the estimated remaining ore reserves. The following table sets out the estimates of the undiscounted and discounted cash flows required to settle such decommissioning liabilities in respect of EVBC and the Don Mario Mine at March 31, 2015. These estimates were prepared by management with the use of independent third party experts.

Following updated information received in the first quarter of fiscal 2015, the Company is currently evaluating its cost assumptions of long-term water treatment used in calculating its decommissioning liabilities. The result of such evaluation may result in a reduction to the decommissioning liabilities in respect of the EVBC Mines in the third quarter of fiscal 2015.

At March31, 2015	Undiscounted Cash Flows Estimated to Settle Decommissioning Liabilities	Discount Rate	Discounted Cash Flows Required to Settle Decommissioning Liabilities
(in 000's)			
EVBC Mines [1]	$16,021	1.4%	$14,014
Don Mario Mine [1]	$5,556	2.0%	$5,451
Total	**$21,577**		**$19,465**

(1) Accretion expense is recorded using the discount interest rate set out above. It is estimated that these amounts will be incurred in 2016 through 2024 in respect of Don Mario Mine and EVBC Mines. The discount rate used to measure decommissioning liabilities under IFRS is based on current interest rates of government bonds of the applicable country and terms that matches the time period to the commencement of the decommissioning liability being incurred.

Stock-based compensation

The Company recorded stock-based compensation expense of $0.1 million in the second quarter of fiscal 2015 compared with $0.1 million for the first quarter of fiscal 2015 and $0.1 million for the second quarter of 2014. The stock-based compensation expense is based on an estimate of the fair value of the stock options issued and expensed over the vesting period. The accounting for stock options requires estimates of interest rates, life of options, stock price volatility and the application of the Black-Scholes option pricing model.

Long-term Compensation

The Company established a Deferred Share Unit ("DSU") plan, effectively a phantom stock plan, for directors, effective October 1, 2008. The initial fair value of units issued is expensed and is included in long-term compensation expense under general and administrative expenses in the statement of income. The fair value of the DSUs are marked to the quoted market price of Common Shares at each reporting date and changes in their fair value are also recorded under general and administrative expenses. Payouts are settled in cash within a specified period following a director's departure, based on the market price of the Common Shares at exercise.

The Company established a Restricted Share Unit ("RSU") plan, effectively a phantom stock plan, for designated executives, effective October 1, 2008. The initial fair value of units issued is expensed and is included in long-term compensation expense under general and administrative expenses in the statement of income. The fair value of the RSUs are marked to the quoted market price of the Common Shares at each reporting date and changes in their fair value are recorded under general and administrative expenses. Payouts are settled in cash after a specified period of vesting, based on the market price of the Common Shares at vesting.

The Company established a Share Appreciation Rights ("SAR") plan for designated executives, effective in respect of fiscal 2013. Unless otherwise determined by the directors of the Company, designated participants are granted SARs in such number equal to two times the number of RSUs granted to such participant in respect of compensation for a particular fiscal year. The Initial Fair Market Value as defined in the SAR plan is determined based on the closing price of the Common Shares on the date of grant. The fair value of the SARs are measured using an option pricing model at each period end, and to the extent that employees have rendered services over a three year vesting period, an expense is recorded under general and administrative expenses in the statement of net income on the Q2 Financials over such vesting period. Vested SARs may be exercised provided there has been an appreciation in the market price of the Common Shares from the Initial Fair Market Value on the grant date and payouts are settled in cash as vested SARs are exercised.

Impairment

The Company assesses the carrying values of each cash-generating unit ("CGU") at each reporting period end date to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made which is considered to be the higher of the fair value less costs to sell ("FVLCS") or value-in-use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, the resale market for certain property, plant and equipment of the Company and operating performance. Fair value under FVLCS is determined as the amount that would be obtained from the sale, less costs, of the asset in an arm's length transaction between knowledgeable and willing parties. When observable market prices are not available for the asset, value-in-use for mineral properties is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that are specific to the Company's circumstances with respect to each CGU. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Management of the Company has assessed its CGUs to be each country in which it operates (EVBC and Don Mario Mine) which is the lowest level for which cash inflows and outflows are expected to be largely independent of those of other assets. Management projected cash flows over the remaining life-of-mine in respect of EVBC and the Don Mario Mine using forecasted production and costs per the current life-of-mine plans and the long-term forecasted price of gold, copper and silver to project future revenues. The key assumptions used in making this assessment at March 31, 2015 included commodity prices, operating costs, capital expenditures, foreign exchange rates and discount rates.

As a result of the updated mineral resources and reserves estimates for EVBC and in accordance with its usual policy, Orvana conducted a carrying value assessment of EVBC as at June 30, 2014. Based on this assessment, it was determined that EVBC's net recoverable amount was lower than its carrying amount. As a result, Orvana recognized a non-cash impairment charge of $25.5 million relating to the EVBC Mines ("the EVBC Impairment") in the third quarter of fiscal 2014. This impairment represented a reduction in the EVBC carrying value and had no impact on Orvana's cash flows.

Although the total public market capitalization of the Company was below the carrying amount of Orvana's net assets at March 31, 2015 of $125.9 million, following the completion of an impairment test in respect of each CGU in the second quarter of fiscal 2015, the Company estimated that the net recoverable amounts are greater than the carrying values of such assets based on the Company's current life-of-mine plans and the assumptions set out above at March 31, 2015. As such, there was no impairment of such carrying values as at March 31, 2015.

Internal Controls over Financial Reporting and Disclosure Controls and Procedures

Management is responsible for the design and effectiveness of disclosure controls and procedures ("DC&P") and the design of internal control over financial reporting ("ICFR") to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company uses the *Internal Control – Integrated Framework* (COSO Framework) published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to design its ICFR. Based on a review of internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at March 31, 2015.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls requiring material corrective actions.

Management of the Company was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues, errors and instances of fraud, if any, have been detected and that all of the objectives of the internal controls over financial reporting have been achieved or will be achieved in the future.

Non-IFRS Measures

COC, AISC and AIC

The Company, in conjunction with an initiative undertaken within the gold mining industry, began reporting COC, AISC and AIC non-IFRS performance measures as set out in the guidance note released by the World Gold Council in June 2013 for the period ended September 30, 2013 and restated the comparative periods. The Company believes that these performance measures more fully define the total costs associated with producing gold, copper and silver, however, these performance measures have no standardized meaning. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

COC include total production cash costs incurred at the Company's mining operations, which form the basis of the Company's cash costs. AISC includes COC plus sustaining capital expenditures, corporate administrative expense, exploration and evaluation costs and reclamation cost accretion. The Company believes that this measure represents the total costs of producing gold from current operations and provides the Company and other stakeholders of the Company with additional information relating to the Company's operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of gold production from current operations, new project capital is not included in AISC. AIC represents AISC plus non-sustaining capital expenditures and non-sustaining exploration. Certain other cash expenditures including tax payments, debt payments, dividends and financing costs are also not included in the calculation of AIC. The Company reports these measures on a gold ounces sold basis.

Orvana Consolidated (by-product)	**Q1 2015**	**Q2 2015**	**Q2 2014**	**YTD 2015**	**YTD 2014**
Cash operating costs, all-in sustaining costs and all-in costs (by-product) (1) *(in 000's)*					
Total mining costs (sales based)	**$25,135**	**$21,203**	**$22,100**	**$46,338**	**$43,497**
Deductions, refining, treatment, penalties, freight & other costs	10,143	9,005	6,766	19,148	14,938
Accrued/paid royalties - based on sales	2,654	2,310	1,519	4,964	3,706
Sub-total - other operating costs	**$12,797**	**$11,315**	**$8,285**	**$24,112**	**$18,644**
Copper sales - gross revenue value	(20,520)	(14,384)	(10,199)	(34,904)	(24,649)
Silver sales - gross revenue value	(2,339)	(1,901)	(3,529)	(4,240)	(7,967)
Sub-total by-product revenue	**(22,859)**	(16,285)	**(13,728)**	(39,144)	**(32,616)**
Cash operating costs	**$15,073**	**$16,233**	**$16,657**	**$31,306**	**$29,525**
Corporate general & administrative costs	1,255	2,528	1,947	3,783	3,684
Community costs related to current operations	82	125	100	207	347
Reclamation, accretion & amortization	726	712	465	1,438	1,062
Exploration and study costs (sustaining)	158	722	213	880	319
Primary development (sustaining)	585	628	1,892	1,213	3,594
Other sustaining capital expenditures (2) (3)	2,705	1,976	1,613	4,681	2,961
All-in sustaining costs	**$20,584**	**$22,924**	**$22,887**	**$43,508**	**$41,492**
Capital expenditures (hoist) (3)	-	-	1,902	-	3,368
All-in costs	**$20,584**	**$22,924**	**$24,789**	**$43,508**	**$44,860**
Au/oz sold	21,660	18,636	16,509	40,296	36,122
Cash operating costs ($/oz) gold	$696	$871	$1,009	$777	$817
All-in sustaining costs ($/oz) gold	$950	$1,230	$1,386	$1,080	$1,149
All-in costs ($/oz) gold	$950	$1,230	$1,502	$1,080	$1,241

(1) Costs are reported per ounce of gold sold in the period. Certain mining costs have been classified as part of selling costs for the purposes of this calculation.

(2) Sustaining capital expenditures are those expenditures which do not increase annual gold ounce production at a mine site and excludes all expenditures at the Company's projects and certain expenditures at the Company's operating sites which are deemed expansionary in nature.

(3) Capital expenditures include those contracted for in the period but for which payment has not been made.

For 2015, the Company estimates consolidated COC (by-product) guidance of approximately $700 to $770 per ounce of gold sold and consolidated AISC (by-product) guidance of approximately $1,000 to $1,100 per ounce of gold sold. Refer to the "Outlook" section of this MD&A.

Consolidated AISC (co-product) per ounce of gold for the second quarter of fiscal 2015 were $1,182 for gold and $2.51 for copper and for the first half of fiscal 2015 were $1,127 for gold and $2.53 for copper.

The following table provides a reconciliation of COC, AISC and AIC (by-product) per ounce of gold sold for the EVBC Mines for the periods set out below:

EVBC Mines	**Q1 2015**	**Q2 2015**	**Q2 2014**	**YTD 2015**	**YTD 2014**
Cash operating costs, all-in sustaining costs and all-in costs (by-product) [(1)] *(in 000's)*					
Total mining costs (sales based)	**$16,028**	**$13,012**	**$18,607**	**$29,040**	**$34,222**
Deductions, refining, treatment, penalties, freight & other costs	1,890	1,986	2,408	3,876	4,749
Accrued/paid royalties - based on sales	611	542	628	1,154	1,267
Sub-total - other operating costs	**$2,502**	**$2,528**	**$3,036**	**$5,030**	**$6,016**
Copper sales - gross revenue value	(4,415)	(2,992)	(4,173)	(7,407)	(8,764)
Silver sales - gross revenue value	(594)	(625)	(747)	(1,219)	(1,528)
Sub-total by-product revenue	**($5,009)**	**($3,617)**	**($4,920)**	**($8,626)**	**(10,292)**
Cash operating costs	**$13,521**	**$11,923**	**$16,723**	**$25,444**	**$29,946**
Corporate general & administrative costs	800	793	800	1,594	1,600
Reclamation, accretion & amortization	517	609	314	1,126	622
Exploration and study costs (sustaining)	138	147	158	285	259
Primary development (sustaining)	585	628	1,892	1,213	3,594
Other sustaining capital expenditures [(2) (3)]	1,800	722	640	2,522	1,199
All-in sustaining costs	**$17,362**	**$14,822**	**$20,527**	**$32,184**	**$37,220**
Capital expenditures (hoist) [(3)]	**-**	**-**	1,902	-	3,368
All-in costs	**$17,362**	**$14,822**	**$22,429**	**$32,184**	**$40,588**
Au/oz sold	14,076	11,769	14,344	25,845	29,298
Cash operating costs ($/oz) gold	$961	$1,013	$1,166	$984	$1,022
All-in sustaining costs ($/oz) gold	$1,233	$1,259	$1,431	$1,245	$1,270
All-in costs ($/oz) gold	$1,233	$1,259	$1,564	$1,245	$1,385

(1) Costs are reported per ounce of gold sold in the period. Certain mining costs have been classified as part of selling costs for the purposes of this calculation.

(2) Sustaining capital expenditures are those expenditures which do not increase annual gold ounce production at a mine site and excludes all expenditures at the Company's projects and certain expenditures at the Company's operating sites which are deemed expansionary in nature.

(3) Capital expenditures include unpaid capital expenditures incurred in the period.

As a result of revenue from the sale of gold and silver representing more than 60% of total gross revenue from the Don Mario Mine in a reporting period and for better costs comparisons to other mines, the Company is reporting COC, AISC and AIC (co-product) per pound of copper and per ounce of gold and silver sold. The following table provides a reconciliation of AISC per ounce of the Don Mario Mine for the periods set out below:

Don Mario Mine [(1)]	**Q1 2015**	**Q2 2015**	**Q2 2014**	**YTD 2015**	**YTD 2014**
Cash operating costs, all-in sustaining costs and all-in costs (co-product) [(1)] *(in 000's)*					
Total mining costs (sales based)	**$6,324**	**$5,552**	**$2,377**	**$11,876**	**$6,734**
Deductions, refining, treatment, penalties, freight & other costs	10,978	9,602	5,418	20,580	12,617
Accrued/paid royalties - based on sales	2,100	1,872	948	3,972	2,552

Don Mario Mine (1)	Q1 2015	Q2 2015	Q2 2014	YTD 2015	YTD 2014
Sub-total - other operating costs	$13,078	$11,474	$6,366	$24,552	$15,169
Gross by-product credit	9	(14)	(89)	(5)	(135)
Cash Operating Costs	**$19,411**	**$17,012**	**$8,654**	**$36,423**	**$21,768**
Corporate general & administrative costs	573	427	464	1000	911
Community costs related to current operations	82	166	100	249	347
Reclamation, accretion & amortization	208	104	151	312	440
Capital expenditures (sustaining) (3)	905	1,212	973	2,118	1,762
Exploration and study costs (non-sustaining)	20	575	55	595	60
All-in sustaining costs	**$21,199**	**$19,496**	**$10,397**	**$40,697**	**$25,288**
All-in costs	**$21,199**	**$19,496**	**$10,397**	**$40,697**	**$25,288**
Au/oz sold	7,584	6,867	2,165	14,451	6,824
Cu/lbs sold (000's)	5,345	4,875	2,091	10,220	5,077
Ag/oz sold	109,573	76,415	126,274	185,988	306,725
Cash operating costs (co-product) ($/oz) gold	$845	$904	$861	$872	$815
Cash operating costs (co-product) ($/lb) copper	$2.15	$2.00	$2.26	$2.08	$2.24
Cash operating costs (co-product) ($/oz) silver	$13.95	$13.65	$16.42	$13.85	$15.76
All-in sustaining costs (co-product) ($/oz) gold	$925	$1,039	$1,055	$976	$961
All-in sustaining costs (co-product) ($/lb) copper	$2.34	$2.29	$2.70	$2.32	$2.59
All-in sustaining costs (co-product) ($/oz) silver	$15.12	$15.72	$19.50	$15.41	$18.13
All-in costs (co-product) ($/oz) gold	$925	$1,039	$1,055	$976	$961
All-in costs (co-product) ($/lb) copper	$2.34	$2.29	$2.70	$2.32	$2.59
All-in costs (co-product) ($/oz) silver	$15.12	$15.72	$19.50	$15.41	$18.13

(1) Costs are reported per ounce of gold or silver or per pound of copper sold in the period. Certain mining costs have been classified as part of selling costs for the purposes of this calculation.

(2) Total mining costs for each metal are based on the percentage of gross revenue that each quantity of metal sold in the period represents of total gross revenue for the period. Refining charges, metallurgical deductions and the Don Mario Royalties allocated to each metal based on actual costs related to each quantity of metal sold in the period.

(3) Sustaining capital expenditures are those expenditures which do not increase annual gold ounce production at a mine site and excludes all expenditures at the Company's projects and certain expenditures at the Company's operating sites which are deemed expansionary in nature. Capital expenditures includes unpaid capital expenditures incurred in the period.

Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Share

The Company has included adjusted net income (loss) and adjusted net income (loss) per share as non-IFRS performance measures in this MD&A. Adjusted net income (loss) excludes; primarily certain non-cash items from net income or net loss to provide a measure which allows the Company and investors to evaluate the results of the underlying core operations of the Company and its ability to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following table provides a reconciliation of adjusted net income (loss) and adjusted net income (loss) per share to the Company's consolidated financial statements for the respective period:

Adjusted Net Income	Q1 2015	Q2 2015	Q2 2014	YTD 2015	YTD 2014
(in 000's, except per share amounts)					
Net income (loss)	$738	**($4,130)**	($6,953)	**($3,392)**	($945)
Unrealized loss (gain) on derivatives (1)	-	-	3,755	**-**	(3,098)
Loss from discontinued operations	-	-	985	**-**	1,001
Sub-total	$738	**($4,130)**	($2,213)	**($3,392)**	($3,042)
Total tax adjustment	-	**-**	(1,127)	**-**	929
Adjusted net income (loss)	$738	**($4,130)**	($3,340)	**($3,392)**	($2,113)
Weighted average shares outstanding	136,623	**136,623**	136,623	**136,623**	136,623
Adjusted net income (loss) per share (basic and diluted)	$0.01	**($0.03)**	($0.02)	**($0.02)**	($0.02)

(1) Adjusted net income includes in respect of settled derivative instruments realized gains on settlement of the derivative instruments of $1.4 million and $3.0 million, in the second quarter of fiscal 2014 and the first half of fiscal 2014, respectively.

Other Information

Other operating and financial information with respect to the Company, including the AIF which is available on SEDAR at www.sedar.com and on the Company's website at www.orvana.com.

Cautionary Statements - Forward-Looking Information

Certain statements in this MD&A constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, potentials, future events or performance (often, but not always, using words or phrases such as "believes", "expects", "plans", "estimates" or "intends" or stating that certain actions, events or results "may", "could", "would", "might", "will" or "are projected to" be taken or achieved) are not statements of historical fact, but are forward-looking statements.

The forward-looking statements herein relate to, among other things, Orvana's ability to achieve improvement in free cash flow; the potential to extend the mine life of the EVBC Mines and Don Mario Mine beyond their current life-of-mine estimates; Orvana's ability to optimize its assets to deliver shareholder value; the expected costs associated with the suspension of mining activities at Carlés; the Company's ability to optimize productivity at EVBC in 2015; estimates of future production, operating costs and capital expenditures; mineral resource and reserve estimates; statements and information regarding future feasibility studies and their results; future transactions; future metal prices; the ability to achieve additional growth and geographic diversification; future financial performance, including the ability to increase cash flow and profits; future financing requirements; and mine development plans.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein or as otherwise expressly incorporated herein by reference as well as: there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; permitting, development, operations, expansion and acquisitions at the EVBC and Don Mario Mines being consistent with the Company's current expectations; political developments in any jurisdiction in which the Company operates being consistent with its current expectations; certain price assumptions for gold, copper and silver; prices for key supplies being approximately consistent with current levels; production and cost of sales forecasts meeting expectations; the accuracy of the Company's current mineral reserve and mineral resource estimates; and labour and materials costs increasing on a basis consistent with Orvana's current expectations.

A variety of inherent risks, uncertainties and factors, many of which are beyond the Company's control, affect the operations, performance and results of the Company and its business, and could cause actual events or results to differ materially from estimated or anticipated events or results expressed or implied by forward looking statements. Some of these risks, uncertainties and factors include fluctuations in the price of gold, silver and copper; the need to recalculate estimates of resources based on actual production experience; the failure to achieve production estimates; variations in the grade of ore mined; variations in the cost of operations; variations in the costs associated with the suspension of mining at Carlés; the availability of qualified personnel; the Company's ability to obtain and maintain all necessary regulatory approvals and licenses; the Company's ability to use cyanide in its mining operations; risks generally associated with mineral exploration and development, including the Company's ability to continue to operate the EVBC Mines and/or the Don Mario Mine; the Company's ability to acquire and develop mineral properties and to successfully integrate such acquisitions; the Company's ability to obtain financing when required on terms that are acceptable to the Company; the Company's ability to execute on its strategy; challenges to the Company's interests in its property and mineral rights; current, pending and proposed legislative or regulatory developments or changes in political, social or economic conditions in the countries in which the Company operates; general economic conditions worldwide; and the risks identified in the Company's AIF under the heading "Risks and Uncertainties". This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements and reference should also be made to the Company's AIF for a description of additional risk factors.

The forward-looking statements made in this MD&A with respect to the anticipated development and exploration of the Company's mineral projects are intended to provide an overview of management's expectations with respect to certain future activities of the Company and may not be appropriate for other purposes.

Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions and, except as required by law, the Company does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Readers are cautioned not to put undue reliance on forward-looking statements.

The forward-looking statements made in this MD&A are intended to provide an overview of management's expectations with respect to certain future operating activities of the Company and may not be appropriate for other purposes.